

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

SELECT COMMITTEE ON HEALTH CARE

Call to Order: By **CHAIRMAN SCOTT ORR**, on January 10, 1995, at
3:10 p.m.

ROLL CALL

Members Present:

Rep. Scott J. Orr, Chairman (R)
Rep. Carley Tuss, Vice Chairman (D)
Rep. Royal C. Johnson (R)
Rep. Thomas E. Nelson (R)
Rep. Bruce T. Simon (R)
Rep. Liz Smith (R)
Rep. Carolyn M. Squires (D)

Members Excused:

Rep. John Johnson
Rep. Betty Lou Kasten
Rep. Richard D. Simpkins

Members Absent:

Rep. Beverly Barnhart

Staff Present: David Niss, Legislative Council
Susan Fox, Legislative Council
Vivian Reeves, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Informational Meeting:
- Dr. Paul Gorsuch, Project Heal
- Mr. Ed Grogan, Montana Medical Benefit Plan

{Tape 1 - Side A}

INFORMATIONAL MEETING ON MONTANA MEDICAL BENEFIT PLAN

Ed Grogan, Montana Business and Health Alliance, Kalispell, read the memo (first four pages of handout) that outlines the history and data concerning the Montana Business and Health Alliance's ongoing pursuit of the repeal of the Montana small employer health availability act. **EXHIBIT 1**

Mr. Grogan detailed and described the rest of the handouts included in Exhibit 1.

Dr. Paul Gorsuch, Project Heal Montana, Great Falls, referred to the blue binder presented to the committee in which the views and proposals of Heal Montana are described. **EXHIBIT 2**

The blue notebook was intended to be used as Project Heal's briefing book for the committee. He urged the committee to look at the materials and especially a booklet published by the Council for Affordable Health Insurance on "Guaranteed Issue" insurance.

The health care reform movement has suffered from a great deal of apathy outside those immediately involved. He said many involved with health care reform are overwhelmed with the complexities, but he said their group believes they have the answers to the following three questions: 1) How are you going to control demand in the health care system? He said the big failure of the government is that they've promised unlimited access and services and yet have had limited finances; so the question is how to control the demand for services. 2) Who is going to choose how to control costs? If costs need to be controlled, "somebody at some level has to choose whether a particular dollar goes for health care or some other service; that somebody could be the individual, government or its proxy, the third-party payer." 3) Should people pay for what they get? He said their response to these three questions is that they think demand should be controlled by the individuals being impacted by these services and that "within the limits of compassion, people should pay for what they get. That's a market-oriented system."

Dr. Gorsuch elaborated on the topic of a market-oriented health system, which he said now doesn't exist. He said people aren't spending their own money when they purchase medical services or they don't have the sense that they are. He said in a real market, to increase the profit margin, they do so by offering a better service at a lower cost. He said the way it's done in the medical business, they learn how to deal with third-party reimbursers and many courses are offered to doctors to learn to take advantage of this revenue source. He said that as long as the third-party payer controls the costs, they will also control the quality and availability of health care.

Dr. Gorsuch said in a real market, quality and price information are readily available. Both he and his wife, who is also a doctor, could not sort out the hospital bill they received when they had a baby. He used an analogy to describe the inefficiency and reasons for the high costs of health care with the current third-party payer system. The example was hunger insurance being offered the way third-party payer health insurance is offered.

He walked the committee through the charts and graphs in the first section of the blue binder and said the Medi*Choice Program

is comprised of the following: Insurance Reform, Medical Savings Accounts, Simplification, Expanded Benefits for High Risk Individuals, Pricing Information, and Medicaid. **Dr. Gorsuch** began to describe Insurance Reform.

Tape 1 - Side B

He continued discussing the Medi*Choice Program, going through each of the components in the blue binder: Medical Savings Accounts, Simplification, High Risk Individuals, Price Information Reform, etc.

He briefly mentioned the sections on the Working Poor and Medicaid, saying that they will be considered elsewhere and because of the price tag associated with these issues, probably won't be discussed in this committee.

He said these problems need to be solved and with that, finished his presentation.

Dean Randash, NAPA Auto Parts, Helena, passed out information entitled "Employee Health Insurance Notice." **EXHIBIT 3** He provided the committee with an overview on how and why he became knowledgeable about the insurance reform movement. He described his own experience with his business trying to provide health insurance for his employees. He walked through his fiscal note "that should have been completed in 1993." He emphasized that it appears that the small groups are supposed to subsidize the large groups.

Questions, Answers and Discussion:

REP. NELSON asked what would happen to the requirement of the insurance companies that to be qualified to be insured, the employee would have to work 30 hours per week.

Mr. Randash responded that supposedly the 30 hour restriction applies to "bona fide" employees and not owners of companies.

REP. NELSON asked **Mr. Grogan** about the list of companies that have officially withdrawn from small group insurance. He said the list came from the Commissioner's office.

Mr. Akey, Montana Association of Life Underwriters, in response to a question from **REP. NELSON**, provided an overview on the organization and its goals and objectives. Their preliminary direction is to support the small group reform efforts initiated by the 1993 legislature.

REP. CAROLYN SQUIRES asked what would happen to someone who might need to use Medicaid. **Dr. Gorsuch** said the idea of his program is to prevent sick individuals from waiting until they need expensive services to purchase insurance. He gave examples of the kinds of insurance that would be available to someone with

limited funds: they could apply for insurance under a state pool or a subsidy for the working poor. He said people would be required to file annually a statement showing they are insured and said one of the ways they make insurance affordable, is to "mandate that everybody buys insurance." He said it's a difficult option because it's hard to enforce.

REP. SQUIRES expressed concern that a family of four trying to live on \$23,000 per year would find it difficult to pay for health insurance. She asked what **Dr. Gorsuch's** plan would do to provide for people who are in a little higher income level than the "working poor" but still cannot afford to buy insurance.

Dr. Gorsuch said their plan would not subject these people to comply, but he said the state would establish a sliding scale and then they would be subsidized. This is their attempt to provide universal insurance. When people can afford insurance, they would be subject to the provisions of the law requiring they have it. **Dr. Gorsuch** discussed how they would decide who can pay and who cannot pay.

Tape 2 - Side A

REP. ROYAL JOHNSON asked for clarification on why the legislation is bad for the small employer. **Mr. Grogan** responded that as long as they're putting it on the back of the small employer and forcing "guaranteed issue" they're going to raise the price. He commented on what happens when the insurance cost is high. The younger, healthier people drop out and the cost goes up. Eventually, it would be just a "sick people's pool" and the only people buying insurance on the guaranteed issue will be sick people.

REP. JOHNSON asked **Dr. Gorsuch** if it's correct that his plan doesn't address insurance, but addresses health care. **Dr. Gorsuch** said it does address insurance reform and insurance issues. **REP. JOHNSON** asked how he would handle the problems being discussed relative to insurance affordability and accessibility.

Dr. Gorsuch said the critical feature is guaranteed issue and he believes it's a fatal flaw and would only help about 15% of the population. It would do more harm than good. Since they already have it in place, he suggested two options for the small employer: repeal it and/or coordinate repeal with something else, possibly giving small employers options within the plan.

REP. LIZ SMITH asked **Mr. Akey**, in reference to the small business mandate, if they polled their membership to determine how much they support it. **Mr. Akey** described the membership of eight local associations and how they generated input on the various issues. They also have a committee structure that worked to bring certain issues to the legislature.

REP. SMITH asked who is providing insurance coverage for the employees in businesses employing 25-100 people. **Mr. Akey** replied that there are companies who specialize in selling to smaller groups. There are a variety of companies and plans to choose from.

REP. SMITH asked **Mr. Randash** the question about who is covering the small businesses. **Mr. Randash** replied that since Commissioner O'Keefe's rules have gone into effect on December 7, the only companies that are able to sell insurance to his employees are those listed in his handout. He discussed the hardship of the employee or employer under the current situation. He described how the "re-insurance" program works, which allows the insurance company to take responsibility for a high-risk individual up to a certain point, then the re-insurance company takes over any costs over and above what the first company agrees to pay.

REP. SMITH said she's sponsoring the repeal of the small employer health availability act and she asked how legislatively they can "braid" this revision into place when they have an existing law. She referred to **REP. NELSON'S** bill that is not yet out. She expressed concern about other legislation that is being proposed and how they'll be able to achieve their goal with all these other proposals being considered.

Mr. Randash said from his point of view, there's no question that the current program is detrimental to his employees. He said when it first came into existence, there was little analysis. He agreed with **Dr. Gorsuch** that the best course of action is to stop and cancel out what isn't working. He said the program should benefit society and his employees.

REP. SIMON said he had a hard time following **Mr. Randash's** material and asked him what his background was. **Mr. Randash** said he had a bachelor's degree in business administration but has not been involved in the insurance industry. He's been an employer and in business for 23 years. **REP. SIMON** asked him if he knew about the high risk pool that is currently available and he said he was aware of it. **Mr. Randash** said he attended a re-insurance meeting where he learned about rates and how re-insurance works.

REP. SIMON asked **Tanya Ask** to explain the way the re-insurance funding mechanism was designed. She discussed the options available to insurance high risk individuals.

REP. SIMON asked how the ERISA and other government plans fits in. **Ms. Ask** said that self-insurance and ERISA are exempt from this provision. **REP. SIMON** asked about **Mr. Randash's** average premium costing nearly \$3,600 per year, which he thinks is too high and wondered if **Ms. Ask** thought this information was accurate.

Discussion pertaining to **Mr. Randash's** handout ensued for several minutes.

REP. SIMON confronted **Mr. Grogan** about his comments that he and many others didn't know the amendments existed and his complaints that they were not involved in the decision-making process and that many in the legislature "had the wool pulled over their eyes" and said it was simply not true. He stated his resentment.

CHAIRMAN ORR confessed that he might have been one of the legislators with the wool pulled over his eyes and explained that it could happen that they are not always as fully informed as they should be about bills and amendments.

Mr. Grogan explained his stand that the amendment was unknown by the people in his organization.

REP. TUSS asked **Dr. Gorsuch** about insurance, MSA, what an individual might need to pay over and above these "safety nets" and asked about possible cost shifting.

Dr. Gorsuch asked if she was referring to subsidizing. **REP. TUSS** said she was concerned that there would still be people "falling through the cracks" because they may not qualify for one reason or another, and she asked if they have considered any cost shifting in their approach.

Dr. Gorsuch said they had considered that, but thought Medicaid would diminish that to some degree. Most cost shifting results from government programs such as Medicaid.

REP. ROYAL JOHNSON asked the doctor if he had presented his plan to the Health Care Authority after they determined that the legislature's plans might be too expensive.

Dr. Gorsuch said they presented their plan prior to their decision in writing, but not after.

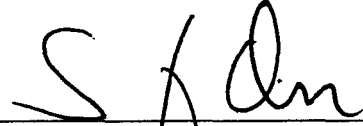
HOUSE SELECT HEALTH CARE COMMITTEE

January 10, 1995

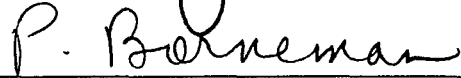
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ADJOURNMENT

Adjournment: 5:45 p.m.



SCOTT ORR, Chairman



Vivian Reeves, Secretary

for

SO/vr

HOUSE OF REPRESENTATIVES

Select Committee on Health Care

ROLL CALL

DATE Jan. 10, 1995

NAME	PRESENT	ABSENT	EXCUSED
Rep. Scott Orr, Chairman	✓		
Rep. Carley Tuss, Vice Chairman	✓		
Rep. Beverly Barnhart		✓	
Rep. John Johnson			✓
Rep. Royal Johnson	✓		
Rep. Betty Lou Kasten			✓
Rep. Tom Nelson	✓		
Rep. Bruce Simon	✓		
Rep. Dick Simpkins			✓
Rep. Liz Smith	✓		
Rep. Carolyn Squires	✓		

Ed Crogan

EXHIBIT 1
DATE Jan. 10, 1995
HB

INDEX FOR PRESENTATION:

1. Short Cover Letter
2. Memo RE: Repeal of "The Amendment"
3. List of Companies Withdrawn From Small Group Market
4. 25 Largest Accident & Health Insurers in Montana
5. Legislators in Favor of Repeal
6. New York Reforms Fall Short
7. Bait & Switch -by Republican State Senator William J. Larkin, Jr.
8. New York BC/BS Profits Dramatically Increase
9. New Jersey Fallout
10. Big Premium Increases for Small Business
11. Wolcott & Associates Actuarial Study
12. MMBT / John Alden price comparison
13. Blue Cross/Blue Shield prices
14. Blue Cross/Blue Shield 1989 Profit
15. Comprehensive Health Association Prices
16. Risk Pools: A Better Solution

The original of this document is stored at
the Historical Society at 225 North Roberts
Street, Helena, MT 59620-1201. The phone
number is 444-2694.

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EXHIBIT

2

DATE

1-10-95

What Market?

Normal Market	U.S. Health Market
Consumers spend their own money	Consumers are usually spending someone else's money
Producers search for ways to reduce costs	Payment depends less on service to the patient than on meeting 3rd party reimbursement formulas
In other insurance markets individuals are offered a wide diversity of products	Most people with health insurance have very few options
Innovation and technology are viewed as good	3rd party payors are increasingly hostile to new technology and are discouraging its development
Producers advertise price and quality differences	Most patients cannot find out what the cost will be prior to admission and cannot read the bill at discharge

EMPLOYEE HEALTH INSURANCE NOTICE

The Montana Insurance Commissioner is using SMOKE AND MIRRORS rhetoric concerning the status of your health insurance. A LAW passed in 1993 called the **Small Employer Health Insurance Availability Act** [MCA 33-22-1801 thru MCA 33-22-1822] goes into effect December 7, 1994. This law effects employer and employees in the 3 to 25 employees small business groups. The purpose is: "to promote the availability of health insurance coverage to small employers regardless of health status or claims experience;" [MCA 33-22-1802 (a)] and "to establish limitations on the use of preexisting condition exclusions;" [MCA 33-22-1802 (e)]

THE PROBLEM: The rule making power the law grants to the Montana Insurance Commissioner has been perceived by Mark O'Keefe as an unrestricted license to dictate **EMPLOYER/EMPLOYEE MANDATES by DEPARTMENT RULE**.

DEPARTMENT RULES: The department has established, without limitations, the right to "Guaranteed Issue" and "Department Mandated Benefits" for every person that is uninsurable. The cost is passed on to the currently insured small employer and the employees. No one escapes the cost: All healthy employees that are not purchasing insurance through their employer will be questioned by agents [DEPARTMENT RULE II] to see if they work for a 3 to 25 employees business. If they do, they will be forced to pay the price of the "Guaranteed Issue" with the inclusion of "Department Mandated Benefits" [DEPARTMENT RULE II]. There is no opting out of this department mandated policy or getting less expensive underwritten insurance. Small business employer/employees will be paying for the medical claims of all the uninsurable people in society through your insurance carriers being named as "assessable carriers".

Private business employees covered under federal rules are exempt. All government employees' carriers are exempted as "assessable carriers" but they receive the "Guaranteed Issue" benefits at our expense. This reduces a once large pool to a very small pool of "assessable carriers". Small business employer/employees are left to pay the "MEDICAL CLAIMS".

Do you want your health insurance in this "Sick Peoples' Pool"? YOU HAVE NO CHOICE! [RULE II]

DEPARTMENT RULES: Plans other than the standard plan is to be considered basic plans [DEPARTMENT RULE VIII (1) & RULE XI]. All these plans are dictated, by "DEPARTMENT RULE", to have "Guaranteed Issue" and "Department Mandated Benefits"! [DEPARTMENT RULE VIII (2)]. No approval of the legislature is needed when Mark O'Keefe wants to change the rules or the "Mandated Benefits". The estimated cost of the "Department Mandated Standard Plan" is \$167.00 per mo. at the present time.

Insurance Commissioner Mark O'Keefe says that his RULES provides a greater amount of insurance coverage. He wants us to believe that preexisting conditions and non insurability are the reasons small employers and employees are not being covered. **O'Keefe is WRONG - DEAD WRONG:** it is the cost of health insurance that prevents employees and employers from having health insurance, not preexisting conditions. **Forcing the cost of "Guaranteed Issue" and "Government Mandated Benefits" on small business employers and employees, drives health insurance cost out of sight and forces healthy people to drop coverage. "EMPLOYER MANDATES" will destroy health insurance availability and jobs for employees employed at the very businesses that are striving to provide jobs and health insurance coverage.**

This agenda circumvents the intent of the law and violates employee's personal liberties and rights. **Contact your state legislators or legislative candidates and Governor Racicot to urge appropriate action be taken to repeal of this law.** Only the repealing of this law will stop Mark O'Keefe's policies from forcing small business employees and employers into a "SICK PEOPLES' POOL" of health insurance. His impunity from the legislature's intent will destroy our right to choose our future and leave our families without adequate affordable medical insurance.

**- LET US DEMAND -- CONSUMER CHOICE, NOT A GOVERNMENT MANDATED
"SICK PEOPLES' POOL" OF SMALL BUSINESS HEALTH INSURANCE**

Please duplicate and pass out to employees and other businesses--Dean Randash - NAPA Auto Parts - Helena, Montana

ECONOMY

New York Finds Fewer People Have Health Insurance a Year After Reform

By LESLIE SCISM

Staff Reporter of THE WALL STREET JOURNAL
Almost one year after New York State adopted still insurance reforms, fewer people have health-care coverage than under the old system.

The surprising decline provides ammunition to supporters of nationwide mandatory insurance, and could prove troublesome for advocates pushing for incremental insurance reforms.

Under New York's system, insurers are required to offer one-size-fits-all pricing, a method that sharply decreased rates for older, sicker people but increased them for others. The law also forces insurers to take all comers, and, as a result, some insurers contend that disproportionate numbers of young, healthy people are dropping coverage on the assumption they can buy it later if needed.

With increasingly fewer healthy people counterbalancing the sick, the result, according to the insurers, is the start of an upward spiral in rates for those still in the pool. If the trend continues, insurers contend, the very people that the program was intended to help could again be priced out of the market.

Crumbling Barriers

"There should have been a substantial gain in people insured [in New York] because a number of barriers for people to be insured came down," says Robert Laszewski, a partner with Health Policy & Strategy Associates, a Washington consulting firm. But the abrupt increase in rates for young, healthy people has "affected the ability of New York to achieve a lower-cost pool. Now we may have a pool in New York skewed toward the sick, and in the long run that doesn't help the consumer."

Ronald Pollack, executive director of Washington-based Families USA Foundation, a consumer group that backs President Clinton's plan of mandated coverage, adds: "New York's experience gives very little comfort to those who just want incremental insurance reforms." Mr. Pollack insists that reforms, in isolation, "can't keep insurance affordable and available for families."

New York's effort is one of the nation's most sweeping attempts at reform and is closely watched by national policy makers. New York Insurance Department figures show that, overall, 1.2% fewer people—or 25,477 fewer people—were insured individually or in small-employer groups as of Jan. 1, nine months after the law, which covered those categories, took effect. The decline was particularly pronounced among individual policyholders—12.4%, or 43,666 people. The figures represents people insured by conventional insurance companies, health-maintenance organizations as well as Blue Cross/Blue Shield.

Insurance-department officials downplay the slight drop in overall enrollment, citing a "disruptive phase-in period." As for the steeper drop in individual coverage, they suggest some people previously covered individually are now in small groups, perhaps because their employers were prompted to add coverage.

'Unqualified Success'

New York Insurance Superintendent Salvatore Curiale calls the state's effort an "unqualified success" because it opened the system to those needing insurance the most. "The reason for all the effort to portray this as a failure is because the health-insurance industry is deathly afraid it will be taken up as a national policy," Mr. Curiale says. "What they're afraid of is that their profits will decrease" if they can't make money "on the backs of young, healthy people."

Many insurance companies that strongly opposed the New York law say their individual and small-group businesses have always had thin profit margins. Although they are allowed under the law to raise rates anytime they wish, the insurers contend that forcing them to take on a disproportionate number of less-healthy policyholders makes it even tougher to turn a profit, making rate increases necessary.

The insurance industry's practice of rejecting sick people, or charging them exorbitant rates, has long been one of Hillary Clinton's biggest complaints. But her calls for change have generally been in

Please Turn to Page A4, Column 1

Continued From Page A2

the context of sweeping reform that would bring all Americans into the health-care system, mostly by forcing employers to pay for premiums. The debate over insurance-underwriting practices has revved up recently as some leading legislators have suggested that Congress enact moderate reforms now and revisit the issue of a massive system overhaul later.

In New York's case, the state adopted a "community rating" system, so-named because insurers must charge all people within given communities the same price regardless of such factors as age and medical condition. While considered a revolutionary effort, the state still allows insurers to refuse to cover prior medical conditions during an individual's first 12 months of coverage. The idea is that the exclusion will induce healthy people into the system before they get sick.

But Cecil Bykerk, chief actuary for Mutual of Omaha, which along with HMOs and Blue Cross/Blue Shield provides individual coverage in New York, says young, healthy people are nonetheless "bailing out." The average age of the company's New York policyholders has gone up 3.5 years under the new law, to 45 years, he says. The average New York claim more than doubled, to \$7,900, while the company's claims nationally rose just \$400 to \$3,800.

The result at Mutual of Omaha: average 35% rate increases in New York this year, which come on top of increases for some young, healthy people of as much as 79% when the law took effect in April 1993. Before the reform, a 25-year-old male in Albany paid Mutual of Omaha \$64.45 a

month for coverage, and a 55-year-old paid \$141.79; in the law's first year, each paid \$107.33, and, with the newest rate increase, the bill is \$145.10.

At New York Life Insurance Co., a small-group insurer, the average age of insured New York employees is up three years. Chubb LifeAmerica, a unit of Chubb Corp. that also sells small-group insurance, says people over 50 years old now represent 26% of New York enrollment, up from 20%.

"There's no question we have an adverse-selection cycle setting in," says Seymour Sternberg, a New York Life executive vice president, calling the situation "very unstable."

John Swope, president of Chubb LifeAmerica, meanwhile, speculates that some small employers with mostly young workers ended coverage because of the rate increases imposed when the law took effect, while employers with older workers "grabbed it because it was such a bargain."

At Chubb and New York Life, rates are jumping more than 20% this year. But Mr. Curiale says some small-group insurers with double-digit increases underpriced their policies last year and are playing catch-up. He says more representative increases are in the single-digit range.

For now, the state has no plans to reconsider the law, saying the problems are overdramatized. "The figures still don't show the system isn't working," Mr. Curiale says. "There's no doubt that there are younger, healthier people who decided not to pay the premium increases. But you can extrapolate that these are people who can get back into the system if they want to."

NOTE:
MORE RECENT FACTS
SHOW THAT THIS
SITUATION IS MUCH
WORSE NOW.

SEEK OUT AND SUPPORT STATE LEGISLATIVE CANDIDATES
THAT WILL WORK TO REPEAL THIS LAW.

Why has O'Keefe timed his rules implementation to happen one month before the new legislature meets? Even though has been two years since the law was passed, could it be that by timing it so close to the upcoming session the impending tragedy of this giant "SICK PEOPLES' POOL" has not had time to happen? If the injustice of small business employer/ employees being forced into this "SICK PEOPLES' POOL" of health insurance is not stopped in this session it will not be corrected for two full years until the next session. In the mean time our health insurance becomes unaffordable and dominated with "EMPLOYER MANDATES", "BENEFIT MANDATES" and a "SICK PEOPLES' POOL".

THE TOTALITARIAN THREAT THAT TAKES AWAY OUR FREEDOM TO CHOOSE
MUST BE MET AND DEFEATED IF WE ARE TO REMAIN A FREE PEOPLE.

November 28, 1994

RE: Small Employer Health Insurance Availability Act(Also called the "Amendment" to SB-285)

Dear Small Business Employer/Employee:

December 7, 1994, the small business insurance "reform" will be in force. This reform was specifically designed by Health Ins. Assoc. of America, Nat'l Assoc. of Ins. Commissioners, Commissioner O'Keefe and his staff, The Directors of Mt. Assoc. of Life Underwriters whose intent results in social engineering and government control of society. This legislation supported by Montana's largest health insurance provider/underwriter will yield great profits for some. Let us look at who will gain and who will lose.

This "reform" has initially targeted the 3 to 25 employee small business group. This employee insurance pool is mandated to have "guaranteed issue," "modified community rating," funding for "abortion on demand," "sex therapy benefits," and employs coercive measures which limit individual options and prevents mobility to other insurance pools. The provisions within the rules demand conformity to the dictated mandates, while forcing those very same participants to perhaps subsidize all the uninsurable and high medical cost patients in society. The bureaucrats have succeeded in generating more government control and mandating social behaviors and norms.

Insurance agents may earn big commissions by policing and rewriting millions of dollars of high risk high priced policies, in effect prior to December 7, 1994, to lower priced subsidized policies mandated by O'Keefe's rules and the new law. The rewritten policies may virtually eliminate Montana's largest health insurance company's portfolio of high risk unprofitable policies that have accumulated over the years. The high risk policies rewritten into the 3 to 25 employee insurance pool will be subsidized by the healthy employees; thereby, providing bargain rate premiums for the sick. Also, there is no consideration as to the high risk policy holder's ability to pay their own premiums. The 3 to 25 employee wage earner will be subsidizing millions of dollars in premiums that the policy holder might well afford. There are no limitations or restrictions, 3 AIDS patients from out of state could pay \$10.00 for a business license and get subsidized medical care forever. Some agents, insurance companies, and bureaucrats all profit in big ways, at the expense of legitimate small business employees.

This 3 to 25 employee small business group is the least able wage earner to afford this "reform". This group of wage earners earn an average of \$17,848.00, 30% less than the larger firms employing 25 or more employees which earn on the average \$23,189.00. The current number of insurance policies in this 3 to 25 employee pool is 12% (36,000) of Montana's 278,249 labor force. 242,000 of Montana wage earners are exempted from compulsory participation. The reinsurance rates that are charged insurance carriers to cover the once uninsurable and high cost medical patients is very substantial. These increases start at \$58.61 and go up to \$573.69 per month for every policy(see the reinsurance rate chart). The carriers will pass the additional expenses on to this lowest paid wage earner group. These employees and their families will be forced to drop health insurance as the government mandated charade continues to escalate in cost. Meanwhile, insurance agents, insurance companies and government bureaucrats profit handsomely. The 242,000 exempted employees are not effected. The 3 to 25 employee and his family is sacrificed for the benefit of O'Keefe's "Sick People's Pool".

Our society should help in meeting the medical needs of the "uninsurable," who are truly unable to pay the full premium, however, this entitlement needs to be funded by taxing **unearned and earned income**. Deceptively mandating this entitlement cost to one very small group of wage earners is unforgivable. Montana's hard working employees do not deserve being treated with a deception that hides what is truly an employer/employee mandate to finance a huge new entitlement program.(see O'Keefe's "FACT SHEET")

**** Please protest this injustice by calling or writing Governor Racicot and your legislators****

Dean M. Randash - National Delegate 1995 White House Conference on Small Business

SMALL BUSINESS HEALTH INSURANCE REFORM

STATE AUDITOR MARK O'Keefe

Small business insurance reform is designed to make health insurance more available to Montana's small businesses (with 3 to 25 employees working full time or 30 or more hours a week).

The plans will be available to small businesses some time after December 7th this year. Business can't be refused a policy if they apply for one.

This Myth/Fact sheet is designed to help you understand the reforms and to refute any misinformation that is circulating. Call Dept. at 1-800-332-6148.

CORRECTED

MYTH

(O'Keefe says statements are myth)

Employers must buy this health insurance (this is an employer mandate)

This new entitlement is mostly funded by employees of the 3 to 25 employee businesses who currently have health insurance. Excluded are federal rules health plans, all state employee plans and those that don't have health insurance. This leaves you and I which are only **12% of the Montana labor force to pay for O'Keefe's "Sick People's Pool"**. If you want affordable insurance contact the Governor & Legislature.

This plan creates a so called "Sick People's Pool."

The state insurance department is using rulemaking authority as an unrestricted license to dictate employer/employee mandates.

The plans create new "mandated benefits" that insurers must offer to small businesses and their employees.

Small businesses and their employees must pay the cost of providing reinsurance under these plans.

FACT

(O'Keefe says these are the facts)

This is a complete voluntary program for small business.

There is no "Sick People's Pool" currently, if you have insurance, you're pooled with sick and healthy people. The same is true with this insurance reform.

The insurance department held 10 months of public meetings on the rules that have been implemented. The rules are a result of those meetings.

No new "mandated benefits" are created. The health plans include all mandated benefits, passed previously by the Montana Legislature.

No business or worker pays for reinsurance, insurers will pay for reinsurance, if they choose to buy it.

REALITY

(O'Keefe forgot a few facts)

Employers and employees that are covered by health insurance are compelled to purchase a "Basic Plan" or a "Standard Plan" (at renewal time) or not have health insurance.

The only plans for sale are mandated "Guaranteed Issue" with "Modified Community Rating"

With no restrictions on preexisting conditions the uninsurable sick people will stampede to sign up for "Guaranteed Issue" health insurance. (More sick people than healthy)

The citizens draft committee and the public input are mere suggestions. The Insurance Commissioner is the final decision. NO ONE overrules his decisions (Benefits or Rules)

Benefits not legislatively mandated but mandated by Commissioner:

- ☐ Abortion on Demand
- ☐ Contraceptive Counseling
- ☐ Sexual Counseling

People opposed to financing abortion are forced to be second class citizens. They can't purchase the "Standard Plan" they have to purchase the "Basic Plan" because of mandated abortion on demand and mandated contraception and sex counseling benefits in every premium for anyone.

The insured doesn't directly pay the reinsurance premium - he pays a new regular premium price that has the reinsurance amount add to it.

MYTH

(Continued)

Employees can't opt out of this insurance if the employer participates.

Employers can't opt out or buy less-expensive underwritten insurance.

O'Keefe's new meaning of "Voluntary" is: The only policies offered for sale to you are "Guaranteed Issue," "Modified Community Rating," and "Department Mandated" policies or you voluntarily have no insurance. Insurance agents will lose their license if they sell anything but "Government Mandated" policies.

The state insurance Department said all "uninsurable" persons can buy insurance.

There is no restrictions or limitations as to the severity of illness or consideration to the cost of permanent care. Three AIDS patients can pay \$10.00 for a business license and get unlimited health care from this insurance pool.

Small business health insurance reform will drive up the premiums for everyone.

This 3-25 employee ins. pool (12% of the Montana wage earners-36,000 policies) will be subsidizing high risk medical patients that are able to pay their own insurance premiums and those that aren't. The 3-25 pool wage earners earn 30% less wages than the 242,000 employees that are exempt. O'Keefe says he has 5000 more people to sign up Dec. 7 (High Risk)

FACT

(Continued)

Workers can refuse coverage if, for instance, they have comparable or better coverage under another plan or they show the new plan imposes high cost.

Employers can choose: They can voluntarily purchase this insurance, buy other underwritten plans on the market or not buy any insurance at all.

The Montana Legislature established that all applicants can buy a policy.

Some participants' premiums might go up and other participants' premiums might go down. The goal: To reduce rate disparities and control premium hikes.

REALITY

(Continued)

EXHIBIT 3
DATE 1-10-95

EMPLOYER OPTIONS:

- ☐ Mandated: guaranteed issue-modified community rated-other mandates- reinsurance charges
- ☐ NO insurance at all

EMPLOYEE OPTIONS:

- ☐ Mandated: guaranteed issue-modified community rated-other mandates- reinsurance charges
- ☐ NO insurance at all

The legislature said "to establish limitations on the use of preexisting condition exclusions." [MCA 33-22-1802(e)]

O'Keefe has rules with no limitations what so ever, not even state residency

With the modified community rating - the healthy insured premium will increase disproportionate to the decrease of the old or sick. The young healthy will drop coverage because of expense, the rest of the premiums will go ballistic because of the ever building

"SICK PEOPLE'S POOL"

LEGISLATIVE ALERT: At a meeting Nov. 22nd with Governor Racicot, I understood that he wants to think about it. If the Governor doesn't hear from you, you and I will be paying for O'Keefe's "Sick People's Pool". Federal law prevents the state from forcing the other 242,000 employees into compulsory participation.

Nobody is standing up in our defense because we are too small a group, we don't matter.

Your health insurance will soon be unaffordable if you don't call or write

your state Senator and Representative and

Governor Racicot - Capitol Station - Helena, MT. 59624 406-444-3111 FAX 406-444-4151

USE YOUR VOICE OR LOSE YOUR INSURANCE ** STAND AGAINST TYRANNY

Dean M. Randash - NAPA Auto Parts - Helena, Montana 59601

2ND EMPLOYEE HEALTH INSURANCE NOTICE

DEPARTMENT RULES: The department has RULED, without limitations, the right to "Guaranteed Issue", "Modified Community Rating" and "Department Mandated Benefits" for every person that is uninsurable. The cost is passed on to the currently insured small employer and the employees. No one in this employment group escapes the cost. There is no opting out of this department mandated RULES or getting less expensive underwritten insurance except to go without insurance.

SMALL EMPLOYER HEALTH INSURANCE AVAILABILITY ACT -- Referred to as the "Amendment"

These are the rates that your present insurance company will be charged as a fee to pay for this new entitlement that has been forced on us by Commissioner O'Keefe's rules and Governor Racicot. (He signed the original bill.) The 3-25 employee pool is only 12% (36,000) wage earners of Montana that will be paying for most of this entitlement. The rest of the 242,000 Montana workers are exempted from paying. The department mandated wage earners earn 30% less wages than the 242,000 that are exempt.

USE YOUR VOICE OR LOSE YOUR INSURANCE

Reinsurance Premium Rates-Prem. charged each insurance co. for each policy to pay for High Risk & Uninsurable

MONTANA STANDARD PLAN REINSURANCE RATES						
December 7, 1994	MONTHLY GROUP RATES			MONTHLY INDIVIDUAL RATES		
	INDEMNITY PLAN		HMO PLAN	INDEMNITY PLAN		HMO PLAN
AGE PER ADULT	WITH PPO	NO PPO		WITH PPO	NO PPO	
UNDER 30	\$58.61	\$65.12	\$62.75	\$195.37	\$217.07	\$209.16
30 - 34	\$66.98	\$74.43	\$71.71	\$223.28	\$248.08	\$248.08
35 - 39	\$75.36	\$83.73	\$80.68	\$251.18	\$279.09	\$268.92
40 - 44	\$83.73	\$93.03	\$89.64	\$279.09	\$310.1	\$298.8
45 - 49	\$92.10	\$102.33	\$98.61	\$307.00	\$341.11	\$328.68
50 - 54	\$104.66	\$116.29	\$112.05	\$348.87	\$387.63	\$373.50
55 - 59	\$129.78	\$144.20	\$138.94	\$432.60	\$480.66	\$463.15
60 +	\$154.90	\$172.11	\$165.84	\$516.32	\$573.69	\$552.79
PER CHILD	\$25.06	\$27.84	\$26.83	\$83.53	\$92.81	\$89.43

Duplicate this and pass it out to employees and other business-

STOP THIS ENTITLEMENT FOR BIG INSURANCE CO. & BIG GOV'T.

Contact Governor Racicot and your Representative and Senator.

Ask them to please stop this from going into effect and then to repeal it in its entirety.--

1. It discriminates against small business employees(3-25 small business group) only 12% of Montana labor..
2. It will render health insurance unaffordable for presently insured wage earners and their families.
3. O'Keefe has exceeded his authority in mandating this entitlement.

LET US FUND THIS WITH UNEARNED & EARNED INCOME - NOT INSURANCE PREMIUMS

GOVERNOR RACICOT -- Capitol Station - Helena, Montana 59620 -- PHONE: 406-444-3111 FAX: 406-444-4114

Dean M. Randash
NAPA AUTO PARTS
2530 No. Montana Avenue
Helena, Montana 59601

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THE FISCAL NOTE THAT SHOULD HAVE BEEN COMPLETED IN 1993

SMALL BUSINESS INS. REFORM IMPACT ON 3 TO 25 EMPLOYER EMPLOYEE GROUP

THE ESTIMATED ENTITLEMENT COST OF "GUARANTEED ISSUE" AND MANDATED BENEFITS = \$40,000,000.00

FIRM IZE	NO. FIRMS	TOTAL EMP.	AVG EMP PER FIRM	AVG. WAGE	AVG. WAGE BY MAIN GROUP	AVG. POLICY PREMIUM (EMP ONLY)(1)	EMP. WITH INS.(1)	EMP WITH INS.(1) <i>Policy</i>	POLICIES SUBJECT TO REINSURANCE FEE TO FUND "GUAR. ISSUE"(2)
T-2	15,190	22,785	1.5	\$17,848		\$2,113.80	47%	10,709	NOT CHARGED
- 24 This will be a "SICK PEOPLE'S POOL")	8,500	76,761	9.1		\$17,848	\$2,113.80 PLUS INCREASE \$1,478.36<<<<<<< ----- NEW TOTAL PREM. \$3,592.16 21% OF INCOME	47% <<<<<<<	36,077 <<<<<<<	27,057 <u>10% OF TOTAL EMP.</u> (40M / 27,057) = \$1,478.36 PREMIUM INCREASE
5 - 49	1,065	178,703	32.5	\$20,205	\$23,189 (30%) HIGHER WAGES	\$1,798.20 (15%) LOWER PREMIUM (MORE COMPETITIVE)	83%	148,323	NOT CHARGED
50 - 75	318		58.9	\$21,527					
76 - 100	154		82.5	\$19,725					
> 100	352		320.	\$24,772					
ALL	25,579	278,249	10.9	\$21,278				NO INS 83,140	NOT CHARGED

Employees are full time --- Chart Source "Montana Health Care Authority" - "Health System Research, Inc."

(1) Commissioner O'Keefe's Fact Sheet

(2) Final Rules Hearing testimony - 25% of the 3 to 25 employer group because federal rules apply
(April 22, 1994) 75% of 25 and larger exempt because federal rules apply

NOTE: All gov't employees & federal ERISA & MEWA groups & non insured = 251,000 employees are exempt.

STAND IN SOLIDARITY

With small business employees

PASS HB-** - REPEAL COMM. O'KEEFE'S - RULES - MANDATES - OPPRESSION -

Not being affordable is what prevents small business employees from purchasing health insurance.
"Guaranteed Issue" only builds a "Sick People's Pool" of people who need immediate and extensive medical care.
Premiums for the healthy in this health insurance pool become unaffordable.

Dean M. Randash - NAPA Auto Parts - Helena, Montana 59601

LEVELING THE PLAYING FIELD

EXHIBIT 3

DATE 1-10-95

BLUE Cross Blue Shield wants to "level the playing field." They say that all the other competitors are "cherry picking" (not taking on known high risk medical patients). BC/BS is backing the Montana Health Care Authority and O'Keefe's government control program. **It also appears that Governor Racicot wants the "PLAYING FIELD LEVELED."** His silence speaks volumes for socialized health.

ONLY SIX PLAYERS ARE LEFT SELLING 3 TO 25 EMPLOYEE SMALL BUS. HEALTH INSURANCE
96 companies have either in writing declined coverage, aren't approved or have never submitted policies.

O'Keefe's RULES became law Dec. 7, 1994

SALES RANK 11/2/94	REMAINING INSURERS offering coverage to the 3 to 25 small business group as of 1/4/95 (96 co. have left the market) (Mt. Ins. Dept.)	DIRECT A & H PREMIUMS WRITTEN	% OF INS. MKT.
1st	Blue Cross Blue Shield	\$193,029,655.00	56.0%
5th	Travelers Insurance Co. (Life Dept.)	\$ 11,886,964.00	3.5%
6th	John Alden Life Ins. Co.	\$ 9,455,822.00	2.8%
9th	Federal Home Life Ins.	\$ 7,910,621.00	2.3%
22nd	Time Ins. Co.	\$ 2,408,879.00	.7%
	New York Life	don't know	-----
1 to 25	THAT DECLINED TO PARTICIPATE (A total of 96 have left) (figures for top 25)	\$118,742,367.00	34.7%

How is Commissioner O'Keefe doing so far in "leveling the playing field?" "very good - only 5 left!"

Remember - no competition - no check on premium prices!

In New York State after one year of state wide participation Health Care Reform Week reports that BC/BS has dropped 400,000 high risk people to competing companys' with subsidized lower premiums. **The result is that BC/BS had a \$110,000,000.00 profit last year while the previous 2 years had losses of \$230,000,000.00 and \$181,000,000.00.**[NY Insurance Dept.,212/602-0423; HIAA 202/223-7787]

CONCLUSION:

In my opinion for any company in a very competitive business, like the health insurance business, to acquire control of over 55% of the statewide industry, it has to have bought a lot of business over the years. This is accomplished through under pricing premiums while providing very attractive benefit offerings. Offerings like "Guaranteed Issue" to very large groups. Now that the business is "bought up" it is time to sell the idea that other companies aren't playing fare. There has to be a premium subsidized "Guaranteed Issue" offering for all of society. If this can't be implemented across the board, then start with a small segment of employer employees. The small business employee subsidizing the premiums guarantee the dumping of the companies bad policies.

If the company is not able to dump its unprofitable policies because of withdrawing players it will not be a problem. The new one company monopoly dictates its own price tag. This monopoly created by Montana top level government administrators and officials will then micro manage Montana's health care and health insurance. The "chosen company" can then continue to "Level the playing field" with out any further opposition. It is a **WIN--WIN SITUATION FOR BIG GOVERNMENT AND ONE INSURANCE CO.**

HEALTHY OR SICK *** MONTANA CITIZENS LOSE**

Dean M. Randash NABA Auto Parts Helena Montana 59601

Retailing is highly labor-intensive and competitive. Its profit margins are very thin, and can be as low as 1 to 3 cents on the dollar. Since 1990, over 50,000 retailers have filed for bankruptcy. Forty-three of the top 100 department stores operating in 1980 are no longer in business.

Any Form Of An Employer Mandate Disproportionately Impacts the Retail Industry

Because a mandate requiring employers to pay their employees' health insurance premiums translates directly into increased labor costs, its impact will be felt most strongly in labor-intensive industries with high concentrations of lower-wage workers such as the retail industry. The continued ability of Montgomery Ward and other U.S. retailers to create jobs and to contribute to national economic prosperity would be threatened by the massive new costs that such a mandate would impose on employers.

Productivity data underscores why an employer mandate would have disastrous consequences for the retail industry. On an annual basis, a full-time equivalent retail employee produces \$1740 in corporate earnings while a full-time manufacturing retail employee produces \$6447 in corporate earnings. Thus, on average, it takes over 3.7 retail employees to equal the productivity of a single manufacturing employee. According to the Employment Policies Institute, the retail sector ranks lowest in per-worker contribution to company earnings.

PRODUCTIVITY AND HEALTH CARE COSTS IN RETAILING COMPARED WITH MANUFACTURING

	Annual Corporate Earnings Per FTE ³	Employer Cost of Individual Health Care ⁶	Cost of Individual Coverage as % of Earnings ⁷	Employer Cost of Family Coverage as % of Earnings ⁹	Cost of Family Coverage as % of Earnings ⁹
Retailing	\$1,740	\$1,656	95.2%	\$3,864	222.1%
Manufacturing	\$6,447	\$1,656	25.7%	\$3,864	59.9%

As detailed in the chart above, a mandate requiring employers to pay 80 percent of their employees' health insurance premiums would cost retailers \$1,656 per year for single coverage. This is 95.2% of what a full-time retail employee produces in earnings. Eighty percent of family coverage, would cost \$3,864 or 222.1% of what a full-time retail employee produces in earnings. The cost-earnings difference for part-time workers

5 Source: "Survey of Current Business," Aug. 1993, Bur. of Economic Analysis, U.S. Dept. of Commerce. \$6,447 company earnings per full-time equivalent manufacturing employee/\$1,740 company earnings per full-time equivalent retail employee = 3.7:1.

6 Employers mandated to pay 80% of the cost of individual coverage of the \$2070 per year (15% above the Administration's estimate per estimate by the CBO), or \$1656.

7 \$1656 employer cost/\$1740 company earnings per full-time equivalent = 95.2%
\$1656 employer cost/\$6447 company earnings per full-time equivalent = 25.7%

8 Family coverage would cost 80% of \$4830 per year (per CBO), or \$3864.

9 Retail: \$3864 employer cost/\$1740 company earnings per full-time equivalent = 222.1%, Manufacturing: \$3864 employer cost/\$6447 company earnings per full-time equivalent = 59.9%.

NATIONAL RETAIL FEDERATION

701 PENNSYLVANIA AVENUE, N.W. • SUITE 710 • WASHINGTON, D.C. 20004 • (202) 783-7971

STATEMENT OF BERNARD F. BRENNAN
ON BEHALF OF THE
NATIONAL RETAIL FEDERATION

CHAIRMAN OF THE BOARD AND CEO,
MONTGOMERY WARD AND CO.

BEFORE THE

SENATE FINANCE COMMITTEE

MARCH 17, 1994

Job Losses Under An Employer Mandate

Because many retail employees are at or near minimum wage, their cash compensation cannot be altered. Thus, retailers cannot, as can higher-wage employers, shift the increased costs resulting from an employer mandate back on to wages. Nor can retailers simply pass these cost increases onto customers through price increases. Many retail purchases are discretionary in nature and deferrable. Also, due to intense competition, major segments of the retail industry are experiencing price deflation in many merchandise categories. During the 1980's, retail square footage grew by over 50% while the population increased by only 10%. This resulted in extensive pricing pressure on all retailers causing price decreases in many products. Bureau of Labor Statistics data disclose that the 75 billion dollar consumer electronic industry has experienced significant deflation since 1989. This is true at Montgomery Ward as well since our products are priced very competitively in the market. As an example, industry figures show that the average price of a camcorder in 1989 was \$1014 compared to \$777 in 1993. The average price for VCR's in 1989 was \$329 which has decreased to \$239 in 1993. It is obvious that in the current low-margin retail industry, we simply cannot pass higher prices on to consumers.

Since we are unable to recoup costs through price increases, cannot shift increases in labor costs to low-wage employees and cannot operate at a loss and remain a viable business, we are left with but one choice under a health care employer mandate: to reduce labor costs through a reduction of jobs and wages. Basic economics require that an essential relationship must exist between the compensation provided an employee (wages and benefits) and the economic value received by the employer.

As the author of one study on employer mandates notes, "[w]hen industries cannot shift [increased labor costs] the inevitable result is the loss of jobs, with the job loss increasing with the unshiftable cost."¹⁴ This statement is consistent with mainstream economic thought.

For example:

- Leading Democratic economist Lester C. Thurow of MIT's Sloan School of Management stated that "The Europeans have taught us that mandated benefits end up pricing labor out".¹⁵
- A survey of leading American economists conducted by the University of New Hampshire revealed that 80 percent believe that imposition of an employer mandate will result in the loss of lower-wage jobs.
- The Joint Committee on Taxation, in its analysis of the Health Security Act's employer mandate, noted that "[e]conomists generally believe that payroll taxes are borne by employees."
- Robert Shapiro, Vice President of the Progressive Policy Institute, wrote in the New Democrat that "[f]ar from guaranteeing benefits to low-skilled workers, a rigid employer mandate, by the economics of it, would probably cost many of them their jobs."

¹⁴ O'Neill et al.

¹⁵ Business Week, January 24, 1994.

EXHIBIT 3
DATE 1-10-95

ACCIDENT & HEALTH
1993 DIRECT A & H PREMIUMS WRITTEN IN MONTANA
UPDATED 11/2/94

<u>RANK</u>	<u>INSURER NAME</u>	<u>DIRECT A & H PREMIUMS WRITTEN</u>
1.	BLUE CROSS & BLUE SHIELD OF MT	\$193,029,655
2.	PRUDENTIAL INSURANCE CO. OF AMERICA	15,781,424
3.	PRINCIPAL MUTUAL LIFE INSURANCE CO.	14,265,714
4.	CONTINENTAL ASSURANCE CO.	12,589,479
5.	TRAVELERS INS CO (LIFE DEPT)	11,886,964
6.	JOHN ALDEN LIFE INSURANCE CO.	9,455,822
7.	BANKERS LIFE & CASUALTY CO.	9,115,393
8.	MUTUAL OF OMAHA INSURANCE CO.	8,740,701
9.	FEDERAL HOME LIFE INSURANCE CO.	7,910,621
10.	STATE FARM MUTUAL AUTO. INS. CO.	7,719,385
11.	MONTANA MEDICAL BENEFIT PLAN	5,950,884
12.	UNITED AMERICAN INSURANCE CO.	5,434,383
13.	UNIVERSE LIFE INSURANCE CO.	5,419,484
14.	CAPITOL AMERICAN LIFE INS. CO.	4,657,274
15.	UNITED OF OMAHA LIFE INS. CO.	3,830,622
16.	COMBINED INS. CO. OF AMERICA	3,811,828
17.	CUNA MUTUAL INSURANCE SOCIETY	3,289,145
18.	STANDARD LIFE & ACCIDENT INS.CO.	3,093,368
19.	PHYSICIANS MUTUAL INSURANCE CO.	3,009,293
20.	LIFE INVESTORS INS. CO. OF AMERICA	2,999,868
21.	EQUITABLE LIFE & CASUALTY INS. CO.	2,590,910
22.	TIME INSURANCE COMPANY	2,408,879
23.	SAFECO LIFE INSURANCE COMPANY	2,201,182
24.	AMERICAN TRAVELLERS LIFE INS. CO	2,135,129
25.	PIONEER LIFE INS CO OF ILLINOIS	2,106,901

Above is the statistical listing of the top 25 companies by premium volume in Montana. This listing is not intended to recommend any particular company, and should not be used as such. If you have further questions regarding this matter please contact the Montana Insurance Department at 1-800-332-6148.

INSURANCE COMPANIES DECLARED TO BE IN SMALL GROUP MARKET

These are the insurance companies participating in the small business health insurance market. These companies are certified as small group carriers and may offer insurance plans to small businesses. Those companies that are not yet certified may not have submitted policies to the Montana Insurance Department or their policies are being reviewed.

Company (31 companies to date) Certified as Small Group
Carrier as of 1/4/95

Aetna Life Insurance Co.	.....	X
American Chambers Life Insurance Co.	.....
American National Insurance Co.	.....
Bankers United Life Insurance Co.	.....
Best Life Assurance Company of California	.....
Blue Cross Blue Shield of Montana & HMO	.....	X
Celtic Life Insurance Co.	.....
Centennial Life Insurance Co.	.....
Continental Life and Accident	.....
CUNA Mutual Insurance Society	.....
Fortis-Benefits Insurance Co.	.....
Glacier Community Health Plan Inc.	.....
Golden Rule Insurance Co.	.....
Home Life Financial Assurance Corp.	.....	X
John Alden Life Insurance Co.	.....	X
John Hancock Mutual Life Insurance	.....
Life Investors Insurance Co of America	.....
Monumental Life Insurance Co	.....
National Group Life Insurance Co.	.....
New York Life Insurance Co.	.....	X
PFL Life Insurance Co.	.....
Pioneer Life Insurance Company of Illinois	.....
Principal Mutual Life Insurance Co.	.....
Security Life Insurance Company of America	.....
Time Insurance Co.	.....	X
Travelers Insurance Co.	.....	X
United of Omaha Life Insurance Co.	.....
United World Life Insurance Co.	.....
Universe Life Insurance Co.	
Western Mutual Insurance Co.	
Yellowstone Community Health Plan	

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DECLARED OUT OF SMALL GROUP MARKET

Company

71 Companies to date

Great-West Life & Annuity Ins. Co.	4-6-94	N/A
Nationwide Life Insurance Company	4-28-94	N/A
Phoenix American Life Insurance Company	6-27-94	N/A
Phoenix Home Life Mutual Insurance Company	6-27-94	N/A
Central Reserve Life Insurance Company	7-8-94	N/A
Commercial Travelers Mutual Ins. Company	8-15-94	N/A
Monitor Life Insurance Company of New York	8-15-94	N/A
IDS Life Insurance Company	8-15-94	N/A
United Services Life Company	8-16-94	N/A
Bankers Security Life Insurance Society	8-16-94	N/A
State Life Insurance Company	8-16-94	11-18-94
Central Security Life Insurance Company	8-17-94	11-18-94
ITT Lyndon Life Insurance Company	8-17-94	N/A
Western Reinsurance Company	8-17-94	11-18-94
First UNUM Life Insurance Company	8-17-94	N/A
Family Heritage Life Insurance Company of America	8-18-94	N/A
Continental General Insurance Company	8-18-94	N/A
The Franklin Life Insurance Company	8-18-94	N/A
Merit Life Insurance Company	8-18-94	N/A
Delta Life and Annuity Company	8-19-94	N/A
United Presidential Life Insurance Company	8-19-94	N/A
EMC Insurance Companies	8-19-94	N/A
BCS Life Insurance Company	8-23-94	11-18-94

Letter from
Company

Letter
Company

List of

Federal Life Insurance Company (Mutual)	8-23-94	N/A	Colonial Life Insurance Co of America	9-23-94	N/A
Life Insurance Company of Illinois	8-23-94	N/A	Ohio National Life Insurance Company	9-27-94	11-18-94
North Central Life Insurance Company	8-23-94	N/A	Security Benefit Life Insurance Company	10-12-94	N/A
American Western Life Insurance Company	8-23-94	N/A	Pacific Mutual Life Insurance Company	10-20-94	11-18-94
Primerica Life Insurance Company	8-23-94	11-18-94	PM Group Life Insurance Company	10-20-94	11-18-94
Old United Life Insurance Company	8-23-94	11-18-94	Farmland Life Insurance Company	11-1-94	11-18-94
Union Security Life Insurance Company	8-23-94	N/A	Mutual of Omaha Insurance Company	11-15-94	11-23-94
Horace Mann Companies	8-24-94	11-18-94	Advance Insurance Company	11-21-94	N/A
Transport Life Insurance Company	8-24-94	11-18-94	Colonial Penn Life Insurance Company	11-18-94	12-1-94
World Service Life Insurance Company	8-24-94	11-18-94	Allstate Life Insurance Company	11-21-94	12-1-94
Continental Life Insurance Company	8-24-94	11-18-94	Northbrook Life Insurance Company	11-21-94	12-1-94
Providers Fidelity Life Insurance Company	8-25-94	N/A	Glenbrook Life Insurance Company	11-21-94	12-1-94
Connecticut National Life Insurance Company	8-25-94	N/A	Glenbrook Life and Annuity Company	11-21-94	12-1-94
Winterthur Life Re Insurance Company	8-26-94	N/A	Physicians Mutual Insurance Company	11-22-94	12-1-94
Republic-Vanguard Life Insurance Company	8-26-94	N/A	Physicians Life Insurance Company	11-23-94	12-1-94
Individual Assurance Company	8-31-94	N/A	Old United Insurance Companies	11-28-94	N/A
Bradford National Life Insurance Company	9-1-94	N/A	Woodmen Accident and Life Company	11-29-94	N/A
Monticello Life Insurance Company	9-1-94	N/A	Bankers Life & Casualty Company	12-8-94	12-13-94
MWL Pension Insurance Company	9-2-94	N/A	Washington National Insurance Company	12-5-94	12-15-94
MWL Bay State Life Insurance Company*	9-2-94	N/A	Metropolitan Life Insurance Company	12-6-94	N/A
Fidelity Security Life Insurance Company	9-7-94	N/A			
Wausau Underwriters Insurance Company	9-7-94	N/A			
Employers Life Insurance Co of Wausau	9-7-94	N/A			
Employers Insurance of Wausau	9-7-94	N/A			
Consumer Benefit Life Insurance Co	9-7-94	11-18-94			
Keyport Life Insurance Company	9-8-94	11-18-94			
Q-Care Insurance Company	9-23-94	11-18-94			

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